



## FTB Publication 1038



# Instructions for Domestic and Qualified Foreign Stock Corporations Requesting a Tax Clearance Certificate

Most domestic stock corporations and all qualified foreign corporations must obtain a Tax Clearance Certificate from the Franchise Tax Board to complete their dissolution or surrender with the Secretary of State.

If a domestic stock corporation has not conducted any business and is filing for dissolution within 12 months of filing its articles of incorporation, the corporation may be eligible to file a *Short Form Certificate of Dissolution*, which does not require a Tax Clearance Certificate.

You can find in-depth information about the requirements for dissolving a domestic stock corporation (including the *Short Form Certificate of Dissolution*) or surrendering a qualified foreign corporation on the Secretary of State's Website at [www.ss.ca.gov](http://www.ss.ca.gov).

## Tax Clearance

Be sure you follow the dissolution or surrender instructions. Errors can delay the issuance of your Tax Clearance Certificate and could result in additional tax, penalties, interest, or fees. To obtain a Tax Clearance Certificate, you must:

### 1. File all tax returns and pay any tax, penalties, interest, and fees that are due.

Outstanding returns or liabilities will delay the issuance of a Tax Clearance Certificate. This delay could cause the accrual of additional minimum tax liabilities. Domestic stock corporations may obtain a conditional dissolution date from the Secretary of State to halt the accrual of additional minimum tax during the dissolution process.

**Note:** Suspended entities must revive before the Franchise Tax Board will issue a Tax Clearance Certificate. If your entity is suspended, we will send you revivor requirements in response to your request for a Tax Clearance Certificate.

**Note:** All returns remain subject to audit until expiration of the normal statutes of limitations.

### 2. Complete the *Request for Tax Clearance Certificate — Corporation (FTB 3555)*

On the FTB 3555, you must indicate which of the following methods you will use to obtain the Tax Clearance Certificate:

**Assumer** — This is the quickest method to obtain a Tax Clearance Certificate and generally takes about 30 days. An assumer can be an individual, corporation, trust, limited liability company, or limited liability partnership. There is no audit delay in issuing the certificate, because the assumer guarantees they will pay any assessments that the dissolving or surrendering corporation may incur through normal statutory periods. The assumer must complete the FTB 3555 as follows:

<u>Assumer Type:</u>	<u>Complete Pages:</u>
Individual or Trust	1, 2, and 3
Corporate, LLC, or LLP	1, 3, and 4

**Note:** General partnerships and limited partnerships may not act as assumers.

**Cash Deposit or Surety Bond** — (minimum amount \$2,000). These methods may take nine months or longer to issue the certificate because they require an initial review by an auditor to determine the amount of the cash deposit or surety bond necessary. If you request a tax clearance based on either a surety bond or cash deposit on the FTB 3555, we will respond by mail, stating the required amount for the surety bond or cash deposit.

We will use the surety bond or cash deposit to pay any additional liability owed at the conclusion of the final audit and release any unused portion. This usually occurs about one year after you file the request for a tax clearance.

**Taxes Paid** — This method may take nine months or longer and requires that all returns are filed and all taxes due are paid including estimates. You must file a final return showing the distribution of any assets and the disposition of outstanding obligations, even if that means filing a short period return. Prior to issuing the certificate we will conduct a complete audit on any taxable year open to assessment under the statute of limitations. We will issue a Tax Clearance Certificate after we determine in our final audit that there is no additional tax liability.

### 3. File the appropriate dissolution or surrender documents.

The Secretary of State's Website at [www.ss.ca.gov](http://www.ss.ca.gov) has forms, instructions, and examples of the *Certificate of Election to Wind Up and Dissolve* and the *Certificate of Dissolution*.

- **Domestic stock corporations** must file a *Certificate of Election to Wind Up and Dissolve* and a *Certificate of Dissolution* with the Secretary of State. However, if the election to dissolve is made by the vote of all the outstanding shares, the *Certificate of Election* does not need to be filed,

provided the *Certificate of Election* includes the statement: "*The election to dissolve was made by the vote of all outstanding shares.*"

Domestic stock corporations can obtain a conditional dissolution date once the Secretary of State files their dissolution documents. The conditional dissolution date is important for tax purposes because it sets the date on which the accrual of additional taxes stops. Once a conditional dissolution is granted, the corporation must ensure that it receives its Tax Clearance Certificate to complete the dissolution process.

- **Qualified foreign stock corporations** must file a *Certificate of Surrender* with the Secretary of State. Additionally, qualified foreign stock corporations must pay at least the minimum franchise tax for each taxable year or each partial taxable year until the Secretary of State officially surrenders or withdraws them. The accrual of additional taxes does **not** stop until the Secretary of State files the *Certificate of Surrender* together with the Tax Clearance Certificate. This makes it very important to have all returns filed and all taxes paid (including any estimates that are due) at the time you submit the *Certificate of Surrender* and the FTB 3555.

#### **4. Mail the completed dissolution or surrender documents and the FTB 3555 to:**

**DOCUMENT FILING SUPPORT UNIT  
SECRETARY OF STATE – BUSINESS FILINGS  
1500 11TH STREET  
SACRAMENTO CA 95814-5701**

The Secretary of State will forward your FTB 3555 to the Franchise Tax Board.

We may ask for additional information and documentation before issuing the Tax Clearance Certificate. Once approved, the Franchise Tax Board will send the Tax Clearance Certificate to you and a copy to the Secretary of State. If you request it on the FTB 3555, we will send your copy to your representative.

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### **Priority Tax Clearance Request**

We charge a non-refundable \$100 fee to process a priority tax clearance request. The fee is due and payable at the time you submit the request and **must** be paid by certified funds (e.g. cashiers check or money order).

**We require an assumer for all priority tax clearance requests.** If you need priority processing, complete all the appropriate forms and send them along with the \$100 fee via overnight private mail service to:

**FRANCHISE TAX BOARD  
TAX CLEARANCE UNIT MS C-4  
SACRAMENTO CA 95827**

If you need assistance with a priority tax clearance request, call our Tax Clearance Unit at (916) 845-4124 (not a toll-free number).

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### **How to Get Forms**

#### **FranchiseTax Board:**

Internet . . . . . **[www.ftb.ca.gov](http://www.ftb.ca.gov)**  
Mail: TAX FORMS REQUEST UNIT  
FRANCHISE TAX BOARD  
PO BOX 307  
RANCHO CORDOVA CA 95741-0307

#### **Secretary of State:**

Internet . . . . . **[www.ss.ca.gov](http://www.ss.ca.gov)**  
Phone. . . . . (916) 657-5448  
Mail: DOCUMENT FILING SUPPORT UNIT  
SECRETARY OF STATE – BUSINESS FILINGS  
1500 11TH STREET  
SACRAMENTO CA 95814-5701

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### **FTB Telephone and Internet Assistance**

From within the United States, call . . . . (800) 852-5711  
From outside the United States,  
call (not toll-free) . . . . . (916) 845-6500  
Website at: **[www.ftb.ca.gov](http://www.ftb.ca.gov)**

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### **Assistance for persons with disabilities**

We comply with the Americans with Disabilities Act. Persons with hearing or speech impairments please call TTY/TDD (800) 822-6268.

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### **Asistencia**

Dentro de los Estados Unidos, llame al . . (800) 852-5711  
Fuera de los Estados Unidos,  
llame al (cargos aplican) . . . . . (916) 845-6500  
Sitio en el Internet: **[www.ftb.ca.gov](http://www.ftb.ca.gov)**

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### **Asistencia para personas discapacitadas:**

Nosotros estamos en conformidad con el Acta de Americanos Discapacitados. Personas con problemas auditivos pueden llamar al TTY/TDD (800) 822-6268.